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Australia Coal Import Ban Update

As we first discussed in a client note on Tuesday, a panamax vessel was fixed on Tuesday to ship coal from Australia to China. This fixture came as a very large surprise and it remains to be seen if the coal will actually be shipped to China. The vessel is scheduled to load at Dalrymple Bay between November 9th - 13th, and if it does actually unload its cargo in Jingtang, this would certainly be at odds with China maintaining a complete ban on coal imports from Australia. At present, we do not anticipate that this shipment will take place and we will be continuing to monitor all relevant developments closely.

Overall, it appears that China's complete ban on Australian coal imports remains in place. Prior to the ban, Australian coal exports to China had been declining by a large amount, and by October it seems that the Chinese government had enough confidence that a ban would not jeopardize China's coal market for at least the short term. The first eight months of the year saw approximately 10% of China's coal imports sourced from Russia and approximately 7% sourced from Mongolia. September marked a dramatic change with approximately 17% sourced from Russia and approximately 28% sourced from Mongolia. A continued shift to importing more coal from Mongolia and Russia would be detrimental to the dry bulk market.

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